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RECORDATION NO. 21343

WILLIAM I. HARKAWAY  
COUNSEL

APR 17 '98

2-30PM

April 17, 1998

FILED

APR 17 '98

2-30PM

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Surface Transportation Board  
1925 K Street, N.W.  
Washington, DC 20423

Dear Sir or Madam:

Enclosed for filing recordation with the Board are a certified copy and one counterpart of the document described below, to be recorded pursuant to Section 11301 of the ICC Termination Act, 49 U.S.C. § 11301.

This document is a Security Agreement between M&I Bank South, Lender, and Farm-City Transport, Inc., Buyer. It is a primary document.

The names and addresses of the parties to this document are as follows:

M&I Bank South, 100 North main Street,  
Janesville, WI 53547, Lender

Farm-City Transport, Inc., 104 Wisconsin  
Street, Darien, WI 53114, Buyer

The equipment covered by this document is twenty-five (25) covered hopper cars bearing marks as shown on Exhibit A of the Security Agreement.

This document should be indexed as:

77:main/ → SECURITY AGREEMENT FOR 25 COVERED HOPPER CARS,  
BETWEEN M&I BANK SOUTH, LENDER, AND FARM-CITY  
TRANSPORT, INC., BUYER, DATED APRIL 15, 1998.

Also enclosed is a check in the amount of \$26.00 as the required filing fee.

Sincerely,

Andrew P. Goldstein

Enclosures

RECORDATION NO. 21343 FILED  
APR 17 '98 2-50PM

**CERTIFICATE**

I, Andrew P. Goldstein, hereby certify that I am an attorney duly admitted in the District of Columbia, and am a member in good standing of the Bar of the District of Columbia, and that I have, this 17th day of April, 1998, compared the enclosed copy of a certain Security Agreement, dated as of April 15, 1998, with the original document and certify that it is complete and identical in all respects to the original document.

Andrew P. Goldstein  
Andrew P. Goldstein

Dona J. Palmer  
Notary Public

My commission expires:

3/14/03

RECORDATION NO. 21343 FILED

APR 17 '98

2-50PM

## SECURITY AGREEMENT

This Security Agreement ("Security Agreement"), dated as of April 15, 1998 is between M & I Bank South, a Wisconsin corporation ("Bank"), and Farm-City Transport, Inc., a Wisconsin corporation, ("Buyer").

### Recitals

WHEREAS, Buyer is desirous of purchasing certain used railroad equipment, specifically, twenty-five (25) covered hopper cars, bearing marks and numbers as set forth in Exhibit A hereto, which railroad equipment hereinafter is referred hereto collectively as the "Equipment" or "Items of Equipment" and individually as an "Item," "Car," or "Item of Equipment:"

WHEREAS, Bank is willing to lend certain funds to Buyer in connection with such Equipment purchase; and

WHEREAS, Bank and Buyer contemporaneously herewith have executed a certain Promissory Note ("Note"), which is Exhibit B hereto, pursuant to which Bank will lend, and Buyer will borrow, funds sufficient for Buyer to purchase the Equipment (the "Loan Amount") and the parties have agreed to enter into this Security Agreement in connection with said Note and Loan Amount.

WHEREFORE, in consideration of the foregoing and the mutual covenants herein contained, the Bank and the Buyer hereby agree as follows:

## **I. Security Interest**

1.1. Upon execution of this Security Agreement and the Note, and disbursement of the Loan Amount by Bank pursuant thereto, Bank shall by this Security Agreement acquire a security interest in the Equipment, as specified herein (the "Security Interest"). Buyer shall, immediately after Closing, record this Security Agreement, at Buyer's expense, with the Surface Transportation Board ("STB") pursuant to 49 U.S.C. 11301, and promptly furnish Bank with a file-stamped copy of such recordation. The Security Interest shall be for a term coextensive with the term of the Note or with the satisfaction of Buyer's obligation thereunder, whichever first occurs, unless there shall have been a default by Buyer in its obligations under the Note, in which event the Security Interest shall continue until such time as any such default is cured.

1.2. The Security Interest permits Bank to take possession of or to proceed against the Equipment in the event of default under the Note, as and to the extent specified herein. To preserve the Equipment as valuable security in the event of such default, this Security Agreement requires Buyer to take certain steps, do certain things, and refrain from doing certain things, in connection with Buyer's use of the Equipment.

## **II. Use of Equipment**

2.1. Except as otherwise provided herein, Buyer shall have exclusive use and control of the Equipment during the term of this Security Agreement, provided, however, that said Equipment shall be used within the Continental limits of the United States of America, or in international service between the United States and Mexico or Canada.

2.2. Buyer will maintain the Equipment in such condition so as to meet satisfactorily all requirements of the Association of American Railroads ("AAR") and United States Department of Transportation necessary for the Equipment to be utilized in the usual and ordinary course of business by Buyer, ordinary wear and tear excepted. Buyer will pay all taxes and other governmental levies against the Equipment, except as may specifically be provided herein.

2.3. In case any Equipment or appliance on any Item shall be required to be changed or replaced by any governmental law, regulation, or rule or by a binding directive of the AAR, or in case any additional or other equipment or appliance is required to be installed on any Item during the term of this Security Agreement in order to comply with such laws, regulations, rules, or AAR directive, Buyer must comply therewith at its sole expense to the extent any Item is to be interchanged or as necessary for any Item to be operated on whatever railroad the Item is situated upon when such law, regulation, rule, or AAR directive takes effect.

### **III. Encumbrances**

3.1. While this Security Agreement is in effect, Buyer will not sell, pledge, or encumber the Equipment in any manner, except as provided herein, nor permit or suffer any encumbrance of the Equipment for nonpayment of taxes.

3.2. Buyer may sublease the Equipment, or any individual Item, without the prior consent of Bank so long as such sublease does not confer on the sublessee any rights or privileges with respect to the Equipment in excess of those rights and privileges which can be enjoyed by Buyer pursuant to this Security Agreement. In no event will any such sublease relieve Buyer of its duties and obligations to Bank pursuant to this Security Agreement.

3.3. While this Security Agreement is in effect, Buyer will not change the reportings marks and numbers set forth in Exhibit A hereto, or permit or suffer any such change by any other person, except as provided specifically herein.

- A. Buyer will, at its sole expense, remark the Equipment in the manner provided in Exhibit C hereto, and immediately upon such remarking promptly shall record appropriate supplements to this Security Agreement with the STB, pursuant to 49 U.S.C. §11301, at Buyer's sole expense, and promptly furnish Bank with a file-stamped copy of such recordations.
- B. Buyer may not permit any sublessee of the Equipment to change the reporting marks on the Equipment or any Item thereof except pursuant to a written sublease for a term of one year or more. Buyer may not sublease the Equipment for one year or more except pursuant to a written sublease. Any written sublease shall specifically be subordinate to the rights of Bank pursuant to this Security Agreement, and Buyer will furnish a copy of this Security Agreement to any sublessee in furtherance of any such subordination provision. Buyer, and not its sublessee, shall record one or more appropriate supplements to this Security Agreement with the STB pursuant to 49 U.S.C. §11301 to reflect any remarkings of the Equipment, and promptly furnish Bank with a file-stamped copy of such recordations. At the conclusion of any sublease during which the sublessee remarks the Equipment, it shall be the responsibility of Buyer to restore the cars to the markings required by Exhibit C hereto unless Buyer is relieved of that responsibility in writing by Bank, and Buyer shall promptly record one or more appropriate supplements to this Security

Agreement with the STB pursuant to 49 U.S.C. 11301 to reflect any restoration of markings so required.

#### **IV. Damage or Destruction**

4.1. Buyer promptly shall notify Bank of any Item which is destroyed or damaged beyond economical repair in the sole judgment of Buyer. Buyer shall be entitled to all compensation by the responsible party for the loss of any Item; provided, however, that, upon receipt of any such payment by Buyer, Buyer shall pay to Bank an amount either (a) equal to the product of multiplying the then outstanding principal balance of the Note by a fraction, the numerator of which is one (1), representing the Item so destroyed or damaged, and the denominator of which is the total number of Items listed on Exhibit A (or any supplements hereto which alter the markings of such Items), or (b) the compensation received by Buyer if such compensation is less than the product derived under subsection (a) of the Section 4.1. Any such payment by Buyer to Bank will reduce the principal amount of the Note and Buyer's payments under the Note proportionately.

#### **V. Default**

5.1. The following events shall be considered events of default ("Default") entitling Bank to exercise its rights as specified herein, among other rights.

- A. A default by Buyer under the Note.
- B. The failure of Buyer to perform its obligations under this Security Agreement.

#### **VI. Remedies Upon Default**

6.1. Upon the occurrence of a Default and following written notice to Buyer of such default Buyer shall have 10 days to cure the Default. Thereafter, if the Default is not cured, and so long as the Default is continuing, Bank may, in its sole discretion, do any one or more of

the following with respect to any or all of the Items subject to this Security Agreement, provided that Bank may not take possession of any Items the aggregate fair market value of which exceed the indebtedness of Buyer to Bank at the time of such taking.

- A. Proceed by appropriate court action or actions, either at law or in equity, to recover and take possession of such Items of Equipment as are necessary to satisfy Bank's unpaid balance under the Note, and sell such Items for fair market value to the extent necessary to satisfy Bank's unpaid balance under the Note;
- B. By notice in writing to Buyer, and to any sublessee of the Equipment, assume Buyer's position as sublessor and collect all rents payable by a sublessee with respect to the Equipment;
- C. Should the Equipment not be subleased, the Bank may, in a reasonable manner, by its agents enter upon the premises of the buyer or other premises where any of the Items may be located and take possession of all or any of the Items and thenceforth hold, possess and enjoy the same free from any rights of Buyer or its successors or assigns to use the Items for any purpose whatever.
- D. Demand return of the Equipment by Buyer in accordance with the provisions of this Security Agreement.

6.2. Bank shall not take possession of any Items, or otherwise exercise any rights conferred on it with respect to the Equipment pursuant to this Section VI, except to the extent necessary for the Bank to make itself whole for any damages suffered by it, or reasonably anticipated by it, as a result of a Default. Bank will not sell any Item pursuant to this Section VI without first providing a reasonable opportunity for Buyer to cure the Default and to make

Bank whole for its damages as a result of the Default. If, following the exercise by Bank of its rights under this Section VI, Bank realizes any surplus of funds in excess of Bank's damages and reasonable costs of proceeding under this Section VI, Bank immediately shall refund such excess to Buyer.

6.3. No remedy provided in this Section VI is intended to be exclusive, but shall be cumulative, and shall be in addition to all other remedies in Bank's favor existing at law or in equity.

## **VII. Return of Equipment Upon Default**

7.1. If Bank demands the return of the Equipment by Buyer, as provided herein, Buyer shall forthwith deliver possession of the Equipment to Bank. For the purpose of delivering possession of any Item to Bank as above required, Buyer shall at its own cost, expense, and risk:

- A. Forthwith return each Item to such storage tracks or point of interchange, within 100 miles of Chicago, IL, as Bank may designate. Buyer shall be responsible for the payment of all storage charges accruing on any Items so returned until such time as those Items are sold in satisfaction of Buyer's debts to Bank or otherwise lawfully disposed of by Bank. Buyer shall bear the risk of loss to the Equipment pending such sale or discussion.
- B. Notwithstanding the foregoing, in the event buyer is unable to return, or cause to be returned, any Item to Bank due to circumstances beyond Buyer's control, as to each such Item, Buyer shall forthwith issue billing instructions to the party in control of such Item directing such party to return it to Bank at one of the destinations permitted under Subparagraph A above, as designated by Bank.

Buyer shall promptly notify Bank of such billing instructions and provide Bank with all information relevant thereto.

7.2. Each Item shall be returned in the condition required pursuant to Section 2.2 hereof. Buyer will responsible for all costs reasonably incurred by Bank in restoring any Item to the condition required by Section 2.2 hereof should any Items not be returned in the condition required by this subsection.

#### **VIII. Representation of Buyer at Closing**

8.1. Buyer warrants that, as of Closing, there are no liens or encumbrances recorded against the Equipment at the STB pursuant to 49 U.S.C. §11301.

8.2. Each party represents and warrants that:

A. It is corporation duly organized, validly existing, and in good standing under the laws of the State of Wisconsin, and has all requisite power and authority to carry on its business as now conducted.

B. It has full right, power, and authority to enter into and perform pursuant to this Security Agreement.

C. This Security Agreement has been duly authorized, executed, and delivered by it, and will constitute a valid and binding instrument in accordance with its terms.

D. Neither the execution and delivery of this Security Agreement nor the consummation of the transaction contemplated thereby, or fulfillment of compliance with the terms and provisions of this Security Agreement, will conflict with, or result in a breach of, any of the terms, conditions, or provisions of its Certificate of Incorporation ( as amended) or by-laws (as amended), or

of any bond, debenture, note, mortgage, indenture, agreement or other instrument, or constitute a default thereunder.

**IX. Waiver**

9.1. A waiver of a breach of any of the conditions or covenants in this Security Agreement or provisions of the Note shall not be construed to be a waiver of any subsequent breach of any such conditions, covenants, or provisions.

**X. Governing Law**

10.1 This Security Agreement shall be subject to and governed by the laws of the State of Wisconsin.

**XI. Release**

11.1. At such time as this Security Agreement shall have terminated, Bank will execute and provide to Buyer a release in a form to be supplied by Buyer for recordation with the STB to discharge this Security Agreement, Bank hereby authorizes Buyer to record same with the STB at Buyer's sole expense.

**XII. Notices**

12.1. Any notices required or made hereunder in writing shall be provided by certified mail, return receipt requested, to:

For Bank: Larry E. Squire  
Vice President  
M & I Bank South  
100 North Main Street  
Janesville, WI 53547-5000

For Buyer: Randall G. Wuttke  
Vice President  
Farm-City Transport, Inc.  
104 Wisconsin Street  
P. O. Box 628  
Darien, WI 53114

### **XIII. Counterparts**

13.1. This Security Agreement may be executed by the parties hereto in counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one in the same Security Agreement.

### **XIV. Closing**

14.1. Closing shall take place on or before April 15, 1998 at Darien or Janesville, WI, between the hours of 9:00a.m. and 3:00 p.m., Eastern Time.

IN WITNESS WHEREOF, Bank and Buyer respectively, each pursuant to due corporate authority, have caused these presents to be executed and their respective corporate seals to be here onto affixed duly attested, as of the day and year first above written.

Farm-City Transport, Inc.

By: Roger G. Wuttke, Pres.  
Roger G. Wuttke

Title: President

By: Randall G. Wuttke V.P.  
Randall G. Wuttke

Title: Vice President

M & I Bank South

By: Larry E. Squire V.P.  
Larry E. Squire

Title: Vice President

## EXHIBIT A

### CARS TO BE PURCHASED

AMLX	302114
AMLX	302141
AMLX	302239
AMLX	302285
AMLX	302397
AMLX	302420
AMLX	302422
AMLX	302455
AMLX	302538
AMLX	302572
AMLX	302580
AMLX	302655
AMLX	302658
AMLX	302762
AMLX	302796
AMLX	302958
AMLX	303014
AMLX	303026
AMLX	303574
AMLX	303579
AMLX	303731
AMLX	303830
AMLX	303895
AMLX	303968
AMLX	304068

**EXHIBIT C****CARS TO BE REMARKED****PRESENT****NEW**

AMLX	302114	FRTX	302114
AMLX	302141	FRTX	302141
AMLX	302239	FRTX	302239
AMLX	302285	FRTX	302285
AMLX	302397	FRTX	302397
AMLX	302420	FRTX	302420
AMLX	302422	FRTX	302422
AMLX	302455	FRTX	302455
AMLX	302538	FRTX	302538
AMLX	302572	FRTX	302572
AMLX	302580	FRTX	302580
AMLX	302655	FRTX	302655
AMLX	302658	FRTX	302658
AMLX	302762	FRTX	302762
AMLX	302796	FRTX	302796
AMLX	302958	FRTX	302958
AMLX	303014	FRTX	303014
AMLX	303026	FRTX	303026
AMLX	303574	FRTX	303574
AMLX	303579	FRTX	303579
AMLX	303731	FRTX	303731
AMLX	303830	FRTX	303830
AMLX	303895	FRTX	303895
AMLX	303968	FRTX	303968
AMLX	304068	FRTX	304068

STATE OF WISCONSIN

County of Walworth

On this 15<sup>th</sup> day of April, 1998, before me personally appeared Randall Wuttke, who being by me duly sworn, says that he is a Vice President of Farm-City Transport, Inc. and that the foregoing instrument was signed on behalf of said corporation by authority of the Board of Directors of said corporation.

*Nois J. Keegan*  
Notary Public

My commission expires: 5/20/01